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TAGS: [ECON](#) [ENRG](#) [PREL](#) [GR](#) [BU](#) [AJ](#) [RS](#) [TU](#) [TX](#)
SUBJECT: DAS BRYZA'S ZAGREB MEETINGS WITH GREEK AND
BULGARIAN MINISTERS ON ENERGY

Classified By: Econ Officer Nicholas Berliner for reasons 1.4 b/d.

11. (C) Summary: EUR DAS Matt Bryza met with Greek Minister of Development Dimitris Sioufas and Bulgarian Minister of Economy and Energy Rumen Ovcharov on the margins of an April 3 energy conference in Zagreb. Both Sioufas and Ovcharov expressed concern over what they perceive as mixed signals coming from the Government of Azerbaijan regarding its intentions to develop Shah Deniz gas on a scale and timeframe for the needs of TGI and Nabucco. Bryza assured both ministers that the Azeris can provide sufficient gas for both TGI and phase I of Nabucco provided that investors in both Europe and Azerbaijan synchronize their efforts in close collaboration with the Government of Azerbaijan. He added that President Aliyev has made the strategic decision to end gas imports from Russia. Bryza added that Gazprom was intentionally sowing doubt as to Azerbaijan's capacity. Bryza urged both Sioufas and Ovcharov to reach out to the Azeris with the message that they need to send unambiguous signals that they are committed to providing necessary quantities of gas within a timeframe that will allow countries like Bulgaria to forego further Gazprom contracts. End Summary.

Greeks Nervous About Azeris

12. (C) Greek Minister of Development Dimitris Sioufas told DAS Bryza that the cancellation of the planned visit of Azerbaijan's Minister of Economy to Athens recently had left him "cautious" about the Azeris. He said that the GOG would try to organize a four party meeting between Greece, Turkey, Italy and Azerbaijan in the near future to begin work on a political declaration pledging cooperation to realize TGI. Sioufas expressed his strong desire to have Energy Secretary Bodman visit Athens, saying this would send a needed signal at the political level of U.S. commitment to help synchronize the efforts of companies and countries to realize TGI. He also raised the Bargas-Alexandropoulos oil pipeline, saying that Greece was eager for U.S. (Chevron) participation as both a buyer of the GOG's equity share in the project and a supplier of oil. On a different note, he said that the Greek and Turkish electrical grids would be fully connected by December of this year at the latest.

13. (C) Bryza urged Sioufas not to read too much into a cancelled visit of Azerbaijani Economy Minister Babayev, who does not have the lead in the GOA on energy diplomacy. Bryza underscored the significance of the U.S.-Azerbaijan MOU on energy security, recently signed by Secretary Rice and Azeri Foreign Minister Mammadyarov, (who does have the GOA lead on energy diplomacy), underscoring Azerbaijan's commitment to provide gas for TGI. Bryza said the USG would reinforce its message to Azerbaijan about the need for a clear commitment to expanding gas production sufficiently to meet the needs of investors in the TGI pipeline. He added that President Aliyev had reconfirmed plans to make a symbolic shipment to Greece this summer. Bryza also gave Sioufas a brief readout

of his recent trip to Tbilisi, where Georgian President Saakashvili conveyed news that Turkmenistan's new president is prepared to commit future offshore Turkmen gas production for TGI and Nabucco. Bryza recounted Saakasvhili's account that there were also indications that Kazakhstan was considering shipment of compressed gas across the Caspian as well.

Bulgarians Feeling Time Pressure

¶4. (C) Bulgaria's Minister of Economy and Energy Rumen Ovcharov said that during a December 2006 meeting in Sofia, Gazprom's Medvedev told him that the Azeris would not be able to provide gas for Nabucco because of existing contracts with Russia. Medvedev had told him that Azeri production is 3 bcm and imports from Russia total 6 bcm, which Azerbaijan would be forced to buy at market price if it began to export gas. Ovcharov said that Bulgaria wants to be able to buy Azeri gas through a connection to TGI and that it "has to work." He noted that Bulgaria has until 2010 to commit to the Russians on gas import quantities for 2010-2030 and was also looking at possible Mediterranean LNG options with Greece. He said Bulgaria needs to see the commitments on Azeri gas.

¶5. (C) Bryza told Ovcharov that what Medvedev said about Azeri contracts with Russia was simply untrue and intended to undermine Azerbaijan, TGI and Nabucco by sowing doubt in Europe. Azerbaijan had no contractual arrangements with Gazprom either to import or export gas. President Aliyev had taken a bold decision last December to sever such arrangements with Gazprom as a sign that Azerbaijan would not be bullied by Gazprom's threats to increase gas prices drastically or cut off shipments. Bryza recognized that the Azeris were not helping counter this disinformation and urged

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Ovcharov to invite the Azeri FM to Sofia to convey this message. Bryza said the U.S. goal is to get the necessary commitments for Azeri gas in place as soon as possible for TGI and phase I of Nabucco.

¶6. (U) DAS Bryza has cleared this cable.
BRADTKE